

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

NSCE-00 SSO-00 USIE-00 INRE-00 SAJ-01 TRSE-00 AF-08

ARA-06 EA-07 NEA-10 EB-07 AID-05 COME-00 LAB-04

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O R 201441Z SEP 76

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 2432

INFO AMEMBASSY MOSCOW

USMISSION USUN NEW YORK

C O N F I D E N T I A L GENEVA 7318

E.O. 11652: GDS

TAGS: AORG, UN, UR, ILO

SUBJ: SOVIET PROPOSAL ON UN BUDGETS

SUMMARY. THE SOVIET MISSION APPROACHED US UNDER INSTRUCTIONS TO PROPOSE BILATERAL DISCUSSIONS ON UN SYSTEM BUDGET GROWTH, STARTING POSSIBLY BY FOCUSING ON THE ILO BUDGET. THE APPROACH THE SOVIETS HAVE IN MIND MIRRORS THE FRENCH PROPOSAL TO ESTABLISH CEILINGS SECRETARIATS WOULD FEEL CONSTRAINED TO STAY WITHIN, BUT THE SOVIETS HAVE IN MIND, INITIALLY AT LEAST, BILATERAL US-SOVIET COORDINATION. END SUMMARY.

1. SOVIET MISSION OFFICER LOUNKOV APPROACHED US UNDER INSTRUCTIONS SEPTEMBER 14 TO PROPOSE BILATERAL DISCUSSIONS ON UN SYSTEM BUDGETS. HE SPOKE INITIALLY IN THE CONTEXT OF THE ILO BUDGET BUT WENT ON TO SAY "THE WHOLE SYSTEM IS SICK." THE IDEA WOULD BE TO BEGIN THE DISCUSSION ON ONE GENEVA-BASED ORGANIZATION, LATER BROADENING IT TO COVER OTHER BUDGET PROBLEMS IN THE CONFIDENTIAL

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SYSTEM. MOSCOW FEELS THAT THE DISCUSSIONS MIGHT BEGIN

AT THE AMBASSADORIAL OR COUNSELOR LEVEL IN GENEVA WHICH MIGHT LEAD TO BILATERAL DISCUSSIONS IN WASHINGTON OR MOSCOW. LOUNKOV SAID THE USSR HAS NO CONCRETE PROPOSALS TO OFFER AT THIS STAGE, BUT WISHED ONLY TO EXPLORE THE IDEA WITH THE US. REVERTING TO HIS INITIAL FOCUS ON ILO, HE SUGGESTED THAT A FIRST INSTRUCTED SESSION MIGHT PRODUCE AGREEMENT TO CONCERT EFFORTS IN LEAVING ON THE ILO SECRETARIAT BEFORE THE GOVERNING BODY NEXT TAKES UP BUDGET QUESTIONS.

2. THE APPROACH TO THE PROBLEM WHICH LOUNKOV WENT ON TO OUTLINE WAS A MIRROR IMAGE OF THE FRENCH PROPOSAL NOW BEFORE THE GENEVA GROUP, WHICH WE KNEW THE SOVIET MISSION HAD BEEN APPRISED OF (GENEVA 5559). HE DID NOT REFER TO IT, HOWEVER, OR DISCLOSE ANY KNOWLEDGE OF THE ON-GOING GENEVA GROUP CONSIDERATIONS OF IT.

3. LOUNKOV EXPRESSED DISMAY AT THE GROWTH IN THE SOVIET ASSESSED CONTRIBUTION TO ILO, AND WONDERED ALOUD HOW TO COPE WITH THE "TERROR OF THE MAJORITY" WHICH SUPPORTED UNCritically THE BUDGETS PRESENTED BY THE DIRECTOR GENERAL. HE FORESAW THAT NATIONAL LEGISLATURES WILL CALL A HALT TO THIS IF STEPS ARE NOT TAKEN SOON TO ARREST BUDGET GROWTH. COMMENT: LOUNKOV'S PRESENTATION OF SOVIET PREOCCUPATIONS ON THE BUDGET PROBLEM WAS MADE IN A DISTINCTLY WESTERN IDIOM, AND HE PRAISED ENTHUSIASTICALLY THE COST-SAVINGS INNOVATIONS WHICH DDG MCDONALD HAS INTRODUCED IN ILO. END COMMENT.

4. IT WAS APPARENT THAT MOSCOW IS HAVING SOME OF THE SAME DIFFICULTIES AS GENEVA GROUP GOVERNMENTS IN TRYING TO COME TO TERMS WITH THE ESSENTIAL ELEMENTS OF THE FRENCH PROPOSAL. LOUNKOV SAID THE SOVIET IDEA IS TO CONVEY TO THE SECRETARIAT HOW MUCH MONEY WILL BE MADE AVAILABLE AND TO LEAVE IT THEN TO THE SECRETARIAT TO SHAPE THE BUDGET WITHIN THIS. BUT THIS MUST NOT BE DONE IN A WAY WHICH MIGHT BE REGARDED AS "DICTATORSHIP OF THE SUPER POWERS." AT A SUBSEQUENT POINT HE EXPLAINED THAT THE "DEMOCRATIC SPIRIT" WOULD BE RETAINED BECAUSE, AFTER TELLING THE GOVERNING BODY HOW MUCH

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MONEY WOULD BE AVAILABLE, IT WOULD BE FREE TO ORGANIZE PROGRAMS WITHIN IT. ASKED WHAT THE SOVIET STANCE MIGHT BE IF PREFERRED CEILINGS WERE OVERRIDDEN AND HIGHER BUDGETS ADOPTED THROUGH CONSTITUTIONAL PROCESSES, LOUNKOV AFFIRMED THAT THERE WOULD BE AN OBLIGATION TO PAY AND INDICATED SOVIET THINKING HAS NOT YET GONE BEYOND THIS POINT IN ITS CONSIDERATION OF LEGAL ASPECTS THE EMPHASIS INSTEAD IS ON THE INFLUENCE THE US AND USSR

WORKING TOGETHER COULD HAVE.

5. LOUNKOV SAID THE IDEAS HE WAS PUTTING TO US HAD NOT BEEN DISCUSSED WITH OTHERS, BUT HE SAID THAT AN ELEMENT IN SOVIET THINKING WAS THAT THE US-SOVIET THINKING WAS THAT THE US-SOVIET DISCUSSIONS AND CONCERTED ACTIONS MIGHT BE ENLARGED OVER TIME TO INCLUDE OTHER MAJOR CONTRIBUTORS. THE INITIAL INTEREST, HOWEVER, WOULD BE IN SEEING WHAT INFLUENCE THE US AND USSR MIGHT BE ABLE TO EXERT BY WORKING TOGETHER ON RESTRAINING BUDGET GROWTH. HE SPOKE ALSO, WISTFULLY PERHAPS, ABOUT ACHIEVING ACTUAL REDUCTIONS.

6. COMMENT: AS THE DEPARTMENT IS AWARE THIS IS NOT THE FIRST TIME THE SOVIET MISSION HERE HAS SUGGESTED BILATERAL COORDINATION ON BUDGET MATTERS. LOUNKOV REFERRED TO THESE EARLIER CONVERSATIONS AND MADE AN EFFORT TO PORTRAY THEM AS INITIATIVES COMING FROM THE US SIDE. IT IS PROBABLY LESS THAT COINCIDENTAL THAT THE SOVIET MISSION APPROACHED US WITH THESE IDEAS MIDWAY IN THE THREE DAY PERIOD WHILE CONSULTATIONS WERE UNDERWAY WITH THE EC-9 AND THE IMEC GROUP ON ILO PROBLEMS AND WITH THE GENERA GROUP ON THE FRENCH PROPOSAL. END COMMENT.

7. AS THE SOVIET PROPOSAL ON THIS OCCASION WAS MADE IN A FORMAL WAY UNDER INSTRUCTIONS, WE BELIEVE WE SHOULD MAKE AN EFFORT TO RESPOND IN THE NEAR FUTURE, HOWEVER, NEUTRAL OR TENTATIVE OUR RESPONSE MAY HAVE TO BE. GUIDANCE IS REQUESTED.CATTO

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